

#### Members

Sen. Patricia Miller, Chairperson  
Sen. Vaneta Becker  
Sen. Gary Dillon  
Sen. Beverly Gard  
Sen. Connie Lawson  
Sen. Ryan Mishler  
Sen. Marvin Riegsecker  
Sen. Billie Breaux  
Sen. Vi Simpson  
Sen. Connie Sipes  
Sen. Timothy Skinner  
Rep. Timothy Brown  
Rep. Robert Behning  
Rep. Mary Kay Budak  
Rep. Richard Dodge  
Rep. David Frizzell  
Rep. Don Lehe  
Rep. Charlie Brown  
Rep. Craig Fry  
Rep. Carolene Mays  
Rep. David Orentlicher  
Rep. Scott Reske



## HEALTH FINANCE COMMISSION

*Legislative Services Agency*  
200 West Washington Street, Suite 301  
Indianapolis, Indiana 46204-2789  
Tel: (317) 233-0696 Fax: (317) 232-2554

#### LSA Staff:

Kathy Norris, Fiscal Analyst for the Commission  
Casey Kline, Attorney for the Commission

Authority: IC 2-5-23

### MEETING MINUTES<sup>1</sup>

**Meeting Date:** October 20, 2005  
**Meeting Time:** 10:00 A.M.  
**Meeting Place:** State House, 200 W. Washington St.,  
House Chamber  
**Meeting City:** Indianapolis, Indiana  
**Meeting Number:** 5

**Members Present:** Sen. Patricia Miller, Chairperson; Sen. Vaneta Becker; Sen. Gary Dillon; Sen. Beverly Gard; Sen. Connie Lawson; Sen. Marvin Riegsecker; Sen. Billie Breaux; Sen. Vi Simpson; Sen. Connie Sipes; Sen. Timothy Skinner; Rep. Timothy Brown; Rep. Mary Kay Budak; Rep. Richard Dodge; Rep. David Frizzell; Rep. Don Lehe; Rep. Charlie Brown; Rep. Craig Fry; Rep. Carolene Mays; Rep. David Orentlicher; Rep. Scott Reske.

**Members Absent:** Sen. Ryan Mishler; Rep. Robert Behning.

Chairperson Miller called the fifth meeting of the Health Finance Commission to order at 10:10 A.M.

#### **Pandemic Influenza** (See Attachment A.)

Judith Monroe, M.D., Commissioner of the State Department of Health, reported on pandemic influenza and the Indiana plan to deal with a pandemic influenza event. Dr. Monroe reviewed prior pandemics and their impact. She stated that pandemics are geographically widespread

---

<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

and have high morbidity and mortality. Pandemics are cyclical in nature; it is not a question of if another pandemic will occur but when it will occur. H5N1 influenza virus (bird flu), now circulating in Asia, poses a significant pandemic threat. If this virus mutates to allow human-to-human transmission, a resulting pandemic will cause major social and economic impacts. Dr. Monroe commented that, unlike the more common varieties of influenza, pandemic influenza may occur at any time during the year; pandemics are not seasonal. Consequently, the State Department of Health is already doing year-round surveillance.

Dr. Monroe reviewed influenza onset and symptoms and primary preventative precautions such as hand washing, respiratory etiquette, using disposable tissues, discarding used tissue, and staying home when ill. Dr. Monroe stated that a vaccine might be available, but it may not be for the actual virus that causes a pandemic. She stated that vaccine development takes six months; the production time necessary for a vaccine supply sufficient to quickly protect whole populations is not known. In addition, it is possible that a vaccine for a new influenza virus may require two doses to induce full immunity. Dr. Monroe discussed the use and limitations of antiviral drugs such as Tamiflu.

Dr. Monroe stated that the State Department of Health has a statewide plan for dealing with a mass outbreak of disease, and each county is required to have a local plan, as well. Dr. Monroe commented that the county plans are especially important since any quarantine strategies have to be local plans. She also discussed isolation of affected individuals and the potential use of quarantine. State and local law already provide local health officers with the legal authority to implement quarantine of individuals or groups, if necessary. She reviewed surge population projections for hospitalizations and projected deaths. Dr. Monroe concluded by stating that an influenza pandemic would be a mass casualty event. Planning for such an event must be flexible and adaptable as needed. She stated that a pandemic is more likely to occur than a terrorism event.

Commission members asked questions regarding the efficacy of adult immunization for pneumonia, a common complication of influenza, and the safety of the food supply. Dr. Monroe advised that pneumococcal vaccine for adults may be useful. (Children already get this vaccine.) She also stated that handlers of birds are most at risk of avian flu and that it is safe to plan on turkey for Thanksgiving.

### *Discussion of Proposed Bill Drafts*

#### **Student Nutrition and Physical Activity (See Attachment B.)**

Casey Kline, Staff Attorney, reviewed changes in the draft to the definition of "healthy beverage." The draft now refers to better choice beverages and better choice foods. Ms. Kline added that the contract phase-in that was included in previous drafts was eliminated and clarified that a la carte lines in school cafeterias would be required to comply with the provisions of the proposed legislation.

Steve Beebe, representing the Indiana Vending Council, a state affiliate of the National Automatic Merchandising Association, commented that last year the Indiana Vending Council supported this legislation. He added that the sale of candy as a school fund raiser should be disallowed since many children sell these items at school to their friends. He questioned why vending sales of similar products would be banned while this activity was allowed.

Commission discussion followed. Senator Becker agreed to continue to work on the issue of allowing sales of candy to raise funds while banning vending sales of similar products.

Joe Lackey, representing the Indiana Soft Drink Association, commented favorably on the changes made to the draft. However, he expressed surprise to see isotonic (sports drinks) excluded as a better choice beverage. He suggested that if this type of beverage was included, the Soft Drink Association might not oppose the bill. Mr. Lackey also suggested that the Coordinated School Health Advisory Councils should be allowed to ask vendors for input into their decisions.

Commission questions followed regarding isotonic and clarification was requested with regard to appropriate after school use. Commission members requested additional information regarding these products. Senator Becker asked that no vote on the draft legislation be taken by the Commission in order to allow her additional time to continue to work on the language. In response to a question from Senator Miller, Frank Bush, representing the School Boards Association, stated that the Association had no problems with Advisory Council provisions of the bill as long as they parallel the federal statutory requirements. After additional discussion about the importance of the issue, a motion was made and seconded for the Commission to recommend the proposed draft.

The Commission voted 18-0 to support the Student Nutrition and Physical Activity draft (PDOC 20061189.005).

#### **Student Health Data ( See Attachment C.)**

Senator Dillon reviewed the requirements of the draft legislation and commented on the importance of accurate data concerning the extent of childhood obesity. He reported that grant funds may be available to address the issue, but good data is required to obtain the grants. Senator Dillon stated that he was reluctant to impose another mandate on the schools but thinks the state needs to be able to accurately measure the extent of the problem.

Gilbert Liu, M.D., M.S., of Children's Health Services Research of Indiana University, discussed the use of the Body Mass Index (BMI) as a screening measure (See Attachments D and E). Dr. Liu showed slides demonstrating the weight trends over time in the U.S. He commented that if the country had seen a viral epidemic of the scale demonstrated by the increase seen in the percentages of overweight and obese individuals, there would have been an enormous surge of concern.

Dr. Liu reviewed what circumstances need to be in place to justify a screening test: is there a valid screening test; and after the screening is performed, is there prevention available; and are there clear clinical outcomes of intervention? In response to comments that BMI is not a valid measurement for all individuals, he discussed the strengths and weaknesses of BMI as a valid measurement of obesity or overweight. BMI is highly predictable, easy to do, and reliable for repeated observations. However, he said that ethnicity and other factors can affect BMI validity. While there are other measures that could be used, these would not work well in schools. Dr. Liu discussed the availability of successful interventions. It has been observed that most adults who participate in intensive lifestyle modification programs and who have a 10-20% weight reduction, gain the weight back within 5 years. Children's programs have similar results. Dr. Liu stated that more information is needed to find out what interventions will work.

Questions from the Commission followed with regard to the benefit of adding other health screening such as blood pressure monitoring that could be done at the same time. Dr. Liu responded that North Carolina requires blood pressure monitoring and finger sticks which require significantly more resources.

Frank Bush, representing the School Boards Association, stated that height and weight screening will require school hours and personnel to collect. He added that the information provided by Dr. Liu had not swayed his opinion. He questioned why the draft legislation required the annual collection of data at every school.

Commission discussion followed with questions about the voluntary program being implemented by the Departments of Health and Education and what the cost might be to the schools to collect the information. Senator Dillon asked Dr. Liu if the criticism of BMI as an accurate measurement is valid. Dr. Liu responded that BMI is not 100% accurate in determining obesity on an individual basis, but it is about 90% effective. Dr. Dillon addressed the level of resources that may be needed by the schools to collect needed data as compared to the money that the schools and the state are spending for health insurance and Medicaid, both of which are affected by additional spending for co-morbidities associated with overweight and obesity. Dr. Dillon stated that given the seriousness of the problem, the benefits of collecting this data may outweigh the cost. Additional discussion involved privacy issues and reporting information back to parents or guardians. A motion was made and seconded for the Commission to recommend the proposed draft.

The Commission voted 12-5 to support the Student Health Data draft (PDOC 20061293.002).

### **Comprehensive Care Bed Moratorium (See Attachment F.)**

Senator Miller gave an overview of the draft. She made a motion to amend the draft to change the expiration date of the moratorium to June 30, 2008. The motion was seconded and approved by consent.

John Okeson, representing the Family and Social Services Administration (FSSA), commented that FSSA supports the concept of the moratorium. The Agency wants to have time to plan for the long-term care needs of the state.

Tim Kennedy, representing the Indiana Health and Hospital Association, stated that the Association is taking no stand on the moratorium. They are only interested in the exception of hospital beds from any legislation that may be enacted. As justification for the exclusion of hospital beds, he cited the existing statutory bed conversion limitation, the fact that these beds are licensed as hospital beds, and that they tend to be care step-down units in which patients stay less than 100 days. He clarified that a nursing facility owned by a hospital would be included under the moratorium as defined in the draft legislation. Mr. Kennedy corrected a previous statement made to the effect that hospital-operated beds receive no benefit from the Quality Assessment (QA) program. He clarified that hospital beds operated as comprehensive care beds are not subject to the Quality Assurance Assessment fee, but they do receive some enhanced reimbursement as a result of the assessment.

Commission discussion followed. A question was asked regarding why hospital-operated comprehensive care beds would not be subject to the QA Assessment. Mr. Kennedy responded that the assessment was required to be applied to the license status of the beds and if these hospital-licensed beds were included in the assessment, all hospital beds would have been required to be included. In response to a question regarding the level of reimbursement for care in a hospital-operated bed as compared to the reimbursement for a nursing facility, he said that hospital reimbursement may be more, but the reimbursement would be a reflection of higher underlying cost. The level of reimbursement would be determined by the long-term care rates, not hospital reimbursement rules.

Faith Laird, representing the Indiana Health Care Association (IHCA), stated that the Association supports the concept of the moratorium with no exceptions other than for projects currently under construction. She commented that IHCA believed a brief moratorium would not unduly harm anyone.

Randy Fearnow, representing American Senior Communities, testified that this company has made business decisions to expand and has projects underway. They would like to see exceptions made for projects under construction.

Bob Decker, representing Hoosier Owners and Providers for the Elderly (HOPE), stated that his organization supports the concept of the moratorium with exceptions. He said that potential additions of beds in Continuing Care Retirement Communities (CCRC) would not affect state payments and that hospital-based beds should be excluded because the majority of the comprehensive care beds located in hospitals are Medicare-certified only. He added that the few hospital-based comprehensive care beds that are Medicaid-certified would not impact state payments significantly.

Jim Leich, representing the Indiana Association of Homes and Services for the Aging, stated that only 3 or 4 hospital units take Medicaid patients; they prefer Medicare reimbursement. He said he thought that hospitals would not be interested in adding Medicaid beds. Mr. Leich stated that his Association supports the concept of the moratorium with the exemption of the CCRCs.

Commission discussion followed regarding adequate Medicaid access to comprehensive care beds.

The Commission voted 17-0 to support the Comprehensive Care Bed Moratorium draft as amended to include an expiration date of June 30, 2008 (PDOC 20061058.004).

### **Final Report** (See Attachment G.)

The Commission voted 17-0 to approve the final report draft, as amended to correct the approval date of the Quality Assessment and with the addition of the October 20, 2005, meeting testimony and the actions taken on the preliminary drafts.

### **Medicare Part D** (See Attachment H.)

Katherine Lester, Manager of Medicare Strategy, Eli Lilly & Co., gave an update on the implementation of the Medicare prescription drug benefit. Ms. Lester included information on the 16 organizations that are offering qualifying prescription drug plans in Indiana as well as the associated monthly premiums. She reviewed what tools are available to help individuals choose the plan that will best meet their needs. Individuals can use the web-based tools such as [www.medicare.gov](http://www.medicare.gov), telephone 1-800-Medicare, or look for community programs that are being held by churches, social clubs, and other community-based organizations.

Julie Newland, Manager, Public Affairs, Eli Lilly & Co., mentioned a Lunch-and-Learn Medicare Part D educational session being held for Senate and House staff members on Oct 31. She concluded by offering legislators assistance in setting up community meetings on Medicare Part D in their districts.

Commission questions and discussion followed with regard to applicable federal poverty levels

(FPL) and information on participating pharmacies.

The meeting was adjourned at 1:05 P.M.